



AGRICULTURE OUTLOOK FORUM

PRESENTED FEBRUARY 24, 2005

MANAGING PRICE RISK CONVENTIONAL METHODS IN UNCONVENTIONAL TIMES

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Tue 05/31/2005:

MONTHLY CONTINUATION CORN PRICE CHART

2004 A YEAR OF PRICE VOLATILITY

$$\begin{aligned} \$3.35 - \$1.91 &= \$1.44 \times 160\text{BU} = \\ &= \$230/\text{ac} \end{aligned}$$

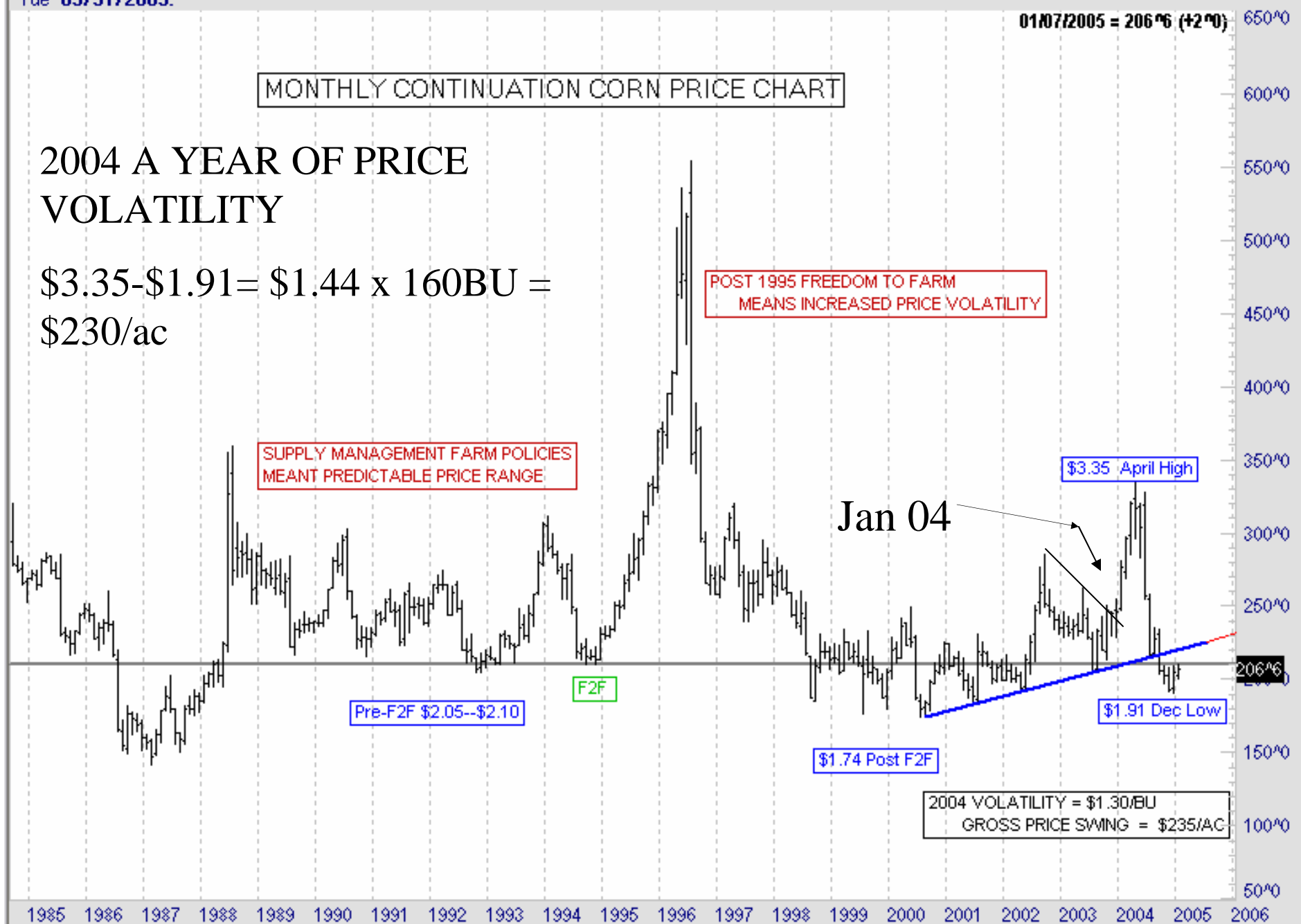


Fig II Long 230, short 200 cz puts (net 12 cents) CZ5 at \$2.31 futures

days		1.8	1.9	2	21	22	23	24	25	26	27	28
283	14-Feb	13	11	8	6	3	0	-2	-4	-6	-8	-9
223	15-Apr	13	11	9	6	3	0	-3	-5	-7	-9	-10
163	14-Jun	14	12	9	6	2	-1	-4	-7	-8	-10	-11
103	13-Aug	15	13	10	6	1	-3	-6	-8	-10	-11	-12
54	1-Oct	17	15	11	6	0	-5	-8	-10	-12	-12	-12
0	24-Nov	18	18	17	8	-2	-11	-12	-12	-12	-12	-12

S-056: 02/29/1968 - 01/31/2005 (Monthly bars) Soybeans CBT (Pit) Cont Exp -- Template: Default

Mon 02/28/2005 [S-200503]:

MONTHLY SOYBEAN PRICE CHART

WHAT PRICE IS NEEDED
TO DISCOURAGE ACREAGE EXPANSION IN S. AMERICA?
\$4.50?

\$5 PRICE SWING = \$250/AC
"TWICE"!!!!!!

PRE F2F SUPPLY CONTROL

01/14/2005 = 542⁰⁰ (-5⁰⁰)

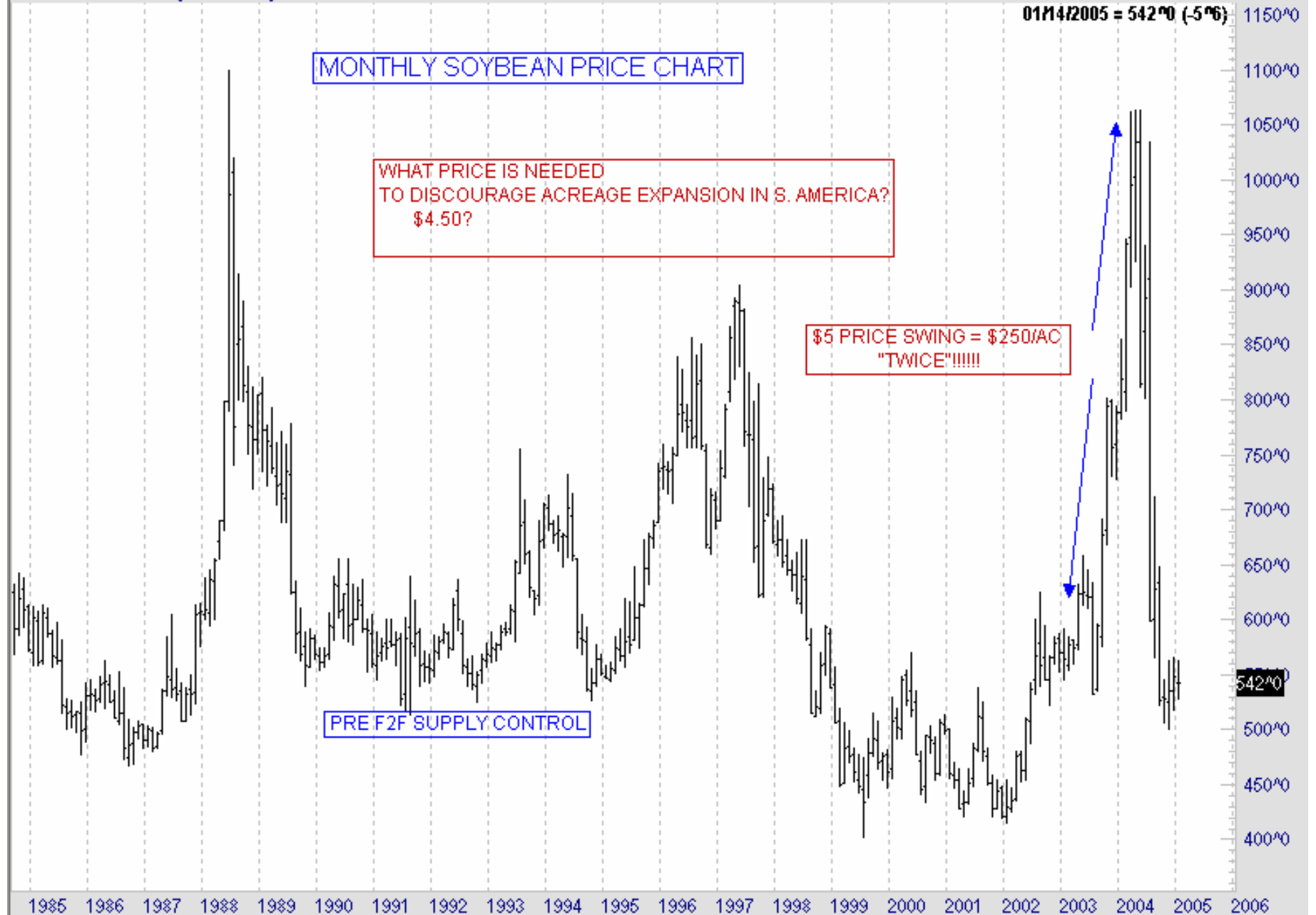


Fig IV

Long 540, short 500 SX puts (November)

days		4.70	4.80	4.90	5.00	5.10	5.20	5.30	5.40	5.50	5.60	5.70	5.80
250	15-Feb	11	9	7	6	4	3	1	-1	-2	-4	-5	-6
190	16-Apr	12	10	8	6	5	3	1	-1	-3	-4	-6	-7
130	15-Jun	13	12	9	7	5	3	0	-2	-4	-6	-7	-9
70	14-Aug	16	14	12	9	6	3	0	-3	-6	-8	-10	-12
10	13-Oct	22	21	19	15	10	3	-4	-10	-14	-16	-17	-17
0	23-Oct	23	23	23	23	13	3	-7	-18	-18	-18	-18	-18

ILLINOIS CROP BUDGET	Total Acres	Corn	Soybeans
Planned total acres/crop	2,000.0	1,000.0	1,000.0
Land Cost		\$165.00	\$165.00
Machinery Cost		\$22.50	\$22.50
Repairs, machinery/ buildings		\$7.50	\$7.50
Payroll / Labor	\$36,000.00	\$18.00	\$18.00
Combining		\$12.00	\$9.00
Trucking		\$6.00	\$1.50
Drying cost		\$22.00	\$1.00
Overhead:Utilities, phone, elec		\$2.00	\$2.00
Cost of Living Est		\$0.00	\$0.00
Interest Est		\$5.00	\$3.00
Total fixed		\$260.00	\$229.50
Seed		\$48.00	\$30.00
Fuel		\$7.50	\$7.50
Seed treatment		\$0.00	\$0.00
Insecticide		\$16.00	\$9.00
Fungicide (Rust)			\$36.00
Producer Spaying above fixed		\$2.50	\$7.00
Fertilizer 1 NH3		\$40.00	\$0.00
Fertilizer 2 18-46-60		\$15.00	\$7.50
Chemical 1 (Grass)		\$8.00	\$0.00
Chemical 2 (Weeds) RR		\$7.50	\$7.50
Chemical 3 (2nd Weed) RR		\$7.50	\$7.50
Commercial Spray Application		\$0.00	\$0.00
Crop Insurance MPC/CRC/RA		\$25.00	\$16.00
Hail Insurance		\$0.00	\$0.00
Total Variable		\$177.00	\$128.00
Total Fixed and Variable	\$0.00	\$437.00	\$357.50
Less Government Payment	\$0.00	\$0.00	\$0.00
Less Custom Work	\$0.00	\$0.00	\$0.00
Net Cost Per Crop Acre	\$0.00	\$437.00	\$357.50
Estimated Selling Price		\$2.00	\$5.25
Break Even Bushel		218.5	68.1
LDP Corn 30 cts @ 172 bu	0.3	\$52	
LDP Soybeans 75 cts @48 bu	0.75		\$36
40cts Storage Gain on 1/2 corn c	0.2	\$34	
80ct Storage Gain on 1/2 bean c	0.4		\$19
Rotational Nitrogen Benefit			\$12
Updated Selling Price		\$2.15	\$5.35
Updated Yield	12/27/04	172	48
Gross Per Acre		\$455.80	\$324.00
Net Per Acre with updates		\$18.80	-\$33.50